Greater Hamilton

ECONOMIC REVIEW 1999

Ontario Canada

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The 1999 Grey Cup win by the Hamilton Tiger-Cats typified a winning year for Greater Hamilton. Last year the local economy was firing on all cylinders as demonstrated by the fact that the Hamilton Census Metropolitan Area (CMA) possessed the lowest unemployment rate in the country.

The steel industry, which remains the backbone of the regional economy, continued its tremendous capital investment in new plant and equipment. Dofasco, rated North America's most profitable integrated steel mill, completed construction of a new $175 million hot dipped galvanizing mill and a $138 million upgrade of their No. 2 rolling mill. Likewise, Stelco Inc. poured in $240 million into mill upgrades and new technology in their Lake Erie Works division.

The Region's economy continued its diversification with new plant construction and expansions in the automotive, technology, commercial and transportation sectors. The John C. Munro Hamilton International Airport started to demonstrate its potential as an economic engine with announcements of three new passenger carriers and the completion of the United Parcel Service (UPS) cargo handling depot and the initiation of construction of the 100,000 sq. ft. Purolator facility.

Renewal of the downtown core was clearly evident with the construction and grand opening of the new residential apartment complex – City Places. Significant investments in the renovation of existing buildings, along with the announcement of a proposed 258,000 sq.ft. federal government office complex, demonstrate increased momentum and confidence in Downtown Hamilton.

We invite you to carefully read this **1999 Economic Review** and determine for yourself the success of last year and the promise for a strong and prosperous 2000.

Revamped E-Blast Furnace control room at Stelco Hilton Works.

City Places – Downtown Hamilton's newest residential development.

Hamilton Tiger Cats – 1999 Grey Cup Champions.

GENERAL ECONOMIC INDICATORS

Activity	1995	1996	1997	1998	1999
Bankruptcies[1]:					
Business	179	175	142	159	138*
Consumer	1,377	1,541	1,794	1,590	1376
Building Permits[2]:					
(Total Value in Millions)	324	301	353	440	370
Canadian Bond Rating[3]:	AA+	AA+	AA+	AA+	AA
Housing Starts[4]:	1,558	1,633	1,991	1,848	1923
Housing Completions[5]:	1,328	1,713	1,894	1,834	1878
Regional Taxable Assessment (Millions)[6]:					
Residential	919.4	927	937.5	19,461**	19,687
Commercial/Industrial	493.3	498.1	488.5	3,936**	3,928
Total	1,412.70	1,425.10	1,426.30	23,397**	23,616
% Commercial/Industrial	34.9	35	34.3	16.83	16.63
Regional Tax Levies ($Millions)[7]:					
Total Levies	170.9	175.1	180.1	299***	294
Regional Welfare Assistance[8]:					
Beneficiaries	25,815	22,836	21,624	21,271	34,289****
Caseload	14,986	12,708	11,429	10,661	13,968****
Unemployment Rate (Hamilton CMA)[9]:	6.6	7.4	6.5	5.2	4.9

* Year to date November 1999

** Assessment (Stated in $Billions)

*** Downloading: the regional tax levy now reflects the impact of the downloading of Provincial services, previously funded from Provincial income tax, to the property tax bill.

**** In 1999 the municipality assumed responsibility for the former Family Benefits Allowance. Caseload of over 5000 single parent families were moved to Ontario Works

[1] Industry Canada, Office of the Superintendent of Bankruptcy
[2] Area Municipal Building Departments
[3] Canadian Bond Rating Service
[4] Canada Mortgage and Housing Corporation
[5] Canada Mortgage and Housing Corporation
[6] Regional Department of Finance
[7] Regional Department of Finance
[8] Regional Department of Community Services
[9] Statistics Canada, calculations by Labour Market Information Unit, Human Resource and Development Canada

DEMOGRAPHICS & STATISTICS

	1997 Population	Area (sq.km.)	Average Total Income 15 yrs & over	Working Population 15 yrs & over	Private Occupied Dwellings	Average Value of Owned Private
Ancaster	23,403	174.55	37,809	12,275	7,545	232,949
Dundas	22,145	24.2	32,546	11,815	8,500	175,127
Flamborough	34,037	489.9	31,072	18,935	11,320	201,988
Glanbrook	10,564	202.74	28,222	5,355	3,485	175,119
Hamilton	322,352	122.99	23,473	147,525	129,395	137,151
Stoney Creek	54,318	98.6	27,328	27,600	18,170	175,047
Region	**466,799**	**1,112.98**	**30,075**	**233,505**	**178,415**	**182,897**

Source: Statistics Canada, 1996 Census Data

1999 BUILDING PERMIT VALUES ($'s)							
	Residential	**Commercial**	**Industrial**	**Institutional**	**Agricultural**	**Misc**	**Total**
Ancaster	45,806,120	8,198,045	1,308,000	3,717,060	1,404,650	—	60,433,875
Dundas	12,465,644	1,052,000	1,210,000	1,967,000	—	—	16,694,644
Flamborough	27,456,583	4,595,960	1,503,000	9,852,531	2,104,617	—	45,512,691
Glanbrook	26,933,073	4,809,100	—	41,500	364,544	—	32,148,217
Hamilton	88,806,884	31,302,904	12,020,342	11,953,941	—	1,584,015	145,668,086
Stoney Creek	43,091,100	1,994,300	23,281,900	177,300	686,100	—	69,230,700
Total	**244,559,404**	**51,952,309**	**39,323,242**	**27,709,332**	**4,559,911**	**1,584,015**	**369,688,213**

Source: Area Municipalities Building Departments.

BUILDING PERMITS ($'s) – Overall Value of Construction Trends in Hamilton-Wentworth					
	1995	**1996**	**1997**	**1998**	**1999**
Residential	163,554,112	184,605,321	221,443,463	226,013,908	244,559,404
Commercial	57,199,791	39,605,321	51,074,707	59,141,456	51,952,309
Industrial	37,679,287	32,053,197	39,200,541	77,837,647	39,323,242
Institutional	60,275,204	42,517,739	40,088,265	70,960,614	27,709,332
Agricultural	290,500	2,071,500	1,735,437	1,767,075	4,559,911
Misc.	4,551,189	—	—	4,315,634	1,584,015
Total	**323,550,083**	**300,853,078**	**353,542,413**	**440,036,334**	**369,688,213**

Source: Area Municipalities Building Departments.

Meadowlands Power Centre, Ancaster.

JOHN C. MUNRO HAMILTON INTERNATIONAL AIRPORT

The completion of the main runway to 10,000 feet marks what airport operators believe will be the first step in the establishment of a new air cargo and passenger gateway into the North American market. The project, which included the upgrading of the runway lighting to CAT II status, was completed in November and now allows fully loaded passenger and cargo aircraft to fly non-stop to and from destinations in Europe, the United States, Central and South America.

Purolator Courier is underway with the construction of a new air hub and sort facility. This new facility will occupy 230,000 square feet of land, the building area will exceed 93,000 square feet and will play a key role in Purolator's national air network that features 42 aircraft and moves over 400,000 pounds of freight each night. The new facility will feature the latest in ergonomic technology, designed to minimize the risks associated with bending and lifting. The estimated $5 million facility should be ready for operation in the spring of 2000.

During the latter part of the year, Air Canada offered to purchase Canadian Airlines pending government approval. These pending changes in the industry resulted in Air Canada announcing their decision to start a new low fare airline which would use Hamilton Airport as their hub.

The airport reached an agreement with Continental Airlines to start service between Hamilton and Cleveland which will provide connections to over 100 cities in the United States.

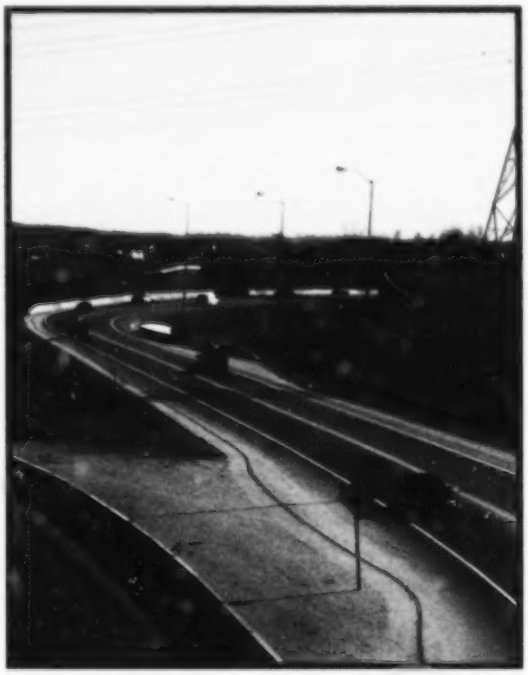
By the end of 1999, the Region will have spent approximately $218 million on the project.

THE LINCOLN M. ALEXANDER PARKWAY (The Linc)

During 1999 "the Linc" has seen a steady increase of traffic exceeding 70,000 vehicles per day prior to Christmas, measured near Upper Wellington Street. The opening of the Linc has led to lower traffic volumes on parallel streets. The extension of the Linc from Dartnall Road to Mud Street at Paramount Drive was completed in July 1999.

The environmental planning and design of the North-South section is currently underway. Once all approvals and permits have been obtained, construction will commence. The projected start of the North-South section is dependent on the outcome of a Federal Hearing.

By the end of 1999, the Region will have spent approximately $218 million on the project.



The Lincoln M. Alexander Parkway Mud Street Extension.

PORT OF HAMILTON

1999 was another tremendous year for the Port of Hamilton with total tonnage exceeding 11.5 tons. The Port attracted several new large industries with the largest being Great Lakes Stevedoring located at Pier 8 and Marine Inter-Continental Stevedoring at Pier 10. The Port of Hamilton is experiencing supply problems in terms of available buildings and properties because of the strong economic growth over the last several years.

The Port of Hamilton offers full inter-modal access through direct road and rail connections. There are a full range of port facilities and services to handle all seaway-sized vessels. Some of the services provided at the port include lift trucks, container handling services, ro-ro services, stevedoring, fresh water, shore power installations, ship chandelering, and dry dock repair facilities.

The Hamilton Harbour Commissioners' Eastport Marine and Industrial Park is strategically located along the Queen Elizabeth Way in the hub of Southern Ontario's manufacturing industry. This high-profile site offers some 2,300 feet of seaway draft frontage, provides rail connections to both CN and CP via RailLink, the shortline rail within the port and the bayfront, and offers easy access to all major highways. Eastport is an ideal facility for transportation service industries, distribution centres for the shipment of steel, food, agricultural, chemical, petroleum or manufactured products and dry or liquid bulk cargo terminals.

TOTAL TONNAGE

	1997	1998	1999
Yearly Statistics			
Total Tonnage*	11,582,095	12,304,280	11,526,621
Overseas Tonnage*	1,428,458	1,727,737	1,126,351
Domestic Tonnage*	10,153,637	10,576,543	10,400,270
Number of Vessels			
Total Vessels	625	685	659
Overseas Vessels	142	165	147
Domestic Vessels	483	520	512

* metric tons

Hamilton Harbour

Investment Highlights

AMTS will be constructing a second plant on the 2.6 acres of regionally owned property purchased in Phase 2 of the Ancaster Industrial Park. The company manufactures and sells heat generation and cooling equipment world-wide.

Aeropark, the 53 acre regionally owned industrial park, was conditionally sold in its entirety to Orlick Industries of Hamilton. Orlick is a Tier 1 aluminium die cast auto parts manufacturer that intends to construct a 200,000 sq. ft. auto parts manufacturing facility.

Arcor Windows is a high quality PVC window manufacturer and in March 1999 completed their new 35,000 sq. ft. facility in Techpark. In November of 1999, the company commenced a 50% plant expansion on the property they own adjacent to their existing lot.

Can-Reg Inc. purchased two acres in the Techpark in Flamborough to accommodate their new building. Can-Reg is a graduate of GHTEC and is in the medical research field.

Commisso's Food Markets opened in 1999 and is the anchor tenant of a 53,000 sq. ft. new retail plaza development on 4.5 acres on Rymal Road East.

Cramaro Tarpaulin Systems constructed a new 9,246 sq. ft. facility on 2.6 acres on Arvin Avenue in Stoney Creek.

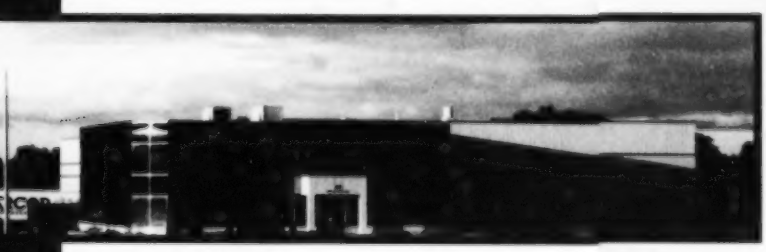
Dessco Inc., a custom countertop manufacturer, relocated to Ancaster Industrial Park Phase 3 and constructed a new 10,000 sq. ft. operation.

Dofasco Inc. completed construction of a $175 million hot dip galvanizing line designed to produce steel for exposed galvanized and galvannealed body panel for the automotive industry. The project was a joint venture with the French based Usinor Group.

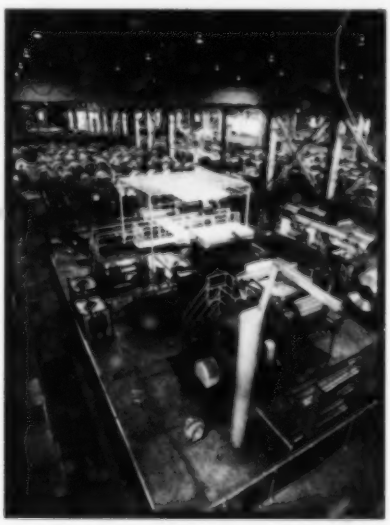
Fabris Inc. recently completed an expansion of their company by adding a new power generation division facility. The construction of the new facility was necessary to meet the demand of the ever-growing power generation industry. The new building of approximately 30,000 sq. ft. was completed in November 1999 and is located next door to the 55,000 sq. ft. Fabris Steel division on the South Service Road in Stoney Creek.

Garrtech Inc., a blow mould manufacturer from east Hamilton broke ground on a 28,380 sq. ft. manufacturing facility on 2.6 acres on Arvin Avenue in Stoney Creek.

Fabris Inc.



Arcor Windows



Taylor Steel

Hearsaver Limited a health products manufacturer and distributor based in Stoney Creek, purchased 1.5 acres in the regionally owned Techpark and is currently completing a 12,000 sq. ft. plant.

Holiday Kitchens, a custom high-end kitchen cabinet manufacturer, purchased 1.2 acres in Techpark and will commence construction of a 14,000 sq. ft. facility.

Mountain Steel, a steel service company specializing in steel fabrication and finishing, purchased 1.2 acres of land in the Techpark and is in the process of completing an 8,000 sq. ft. building.

Ontech Engineering purchased one acre of land in Phase 3 of the Ancaster Industrial Park. The company has completed construction of a new 8,000 sq. ft. building. Ontech is a machining company with fabrication capabilities but whose major business is on-site machining of equipment that is too large for transport.

Purolator commenced construction of a 100,000 sq. ft. cargo handling and sorting facility at the John C. Munro Hamilton International Airport.

Red Wing Contractors purchased 0.85 acres and erected a 5,800 sq. ft. building in Techpark to house their distribution and custom door manufacturing operation.

Robertson Inc., the Mississauga based manufacturer of the Robertson screw, has relocated its tool & die operation to an 8,000 sq. ft. plant on one acre in the Techpark.

Stoney Creek Design Centre is currently under construction and will include a 105,000 sq. ft. retail plaza and 100,000 sq. ft. warehouse on the South Service Road in Stoney Creek. The centre will contain home-related retail stores including appliances, furnishings, kitchenware, patio, electronics, carpeting, etc.

Teme Engineering Ltd. constructed a new 18,807 sq. ft. building on Glover Road in Stoney Creek.

Taylor Steel, the Region's largest steel service centre, completed its second expansion, in as many years, totalling 180,000 sq. ft. at its Green Road location.

Tiercon Coatings Inc. completed construction and commenced operations at their brand new 162,000 sq. ft. facility in Stoney Creek. The new plant paints and/or coats plastic car parts from their sister facility, Tiercon Plastics, also in Stoney Creek.

Robertson Inc.

Tiercon Coatings Inc.

DEVELOPMENT CHARGES EXEMPTION

Interest in industrial development in Hamilton-Wentworth was sparked during 1999 with the approval of a complete development charges exemption for industrial development. The Province gives municipalities the authority to levy these charges in order to recover the growth-related costs of new development. With a calculated rate of between $3.52 and $3.83 per sq. ft., the savings to be gained are considerable. As well, most of the local municipalities in the region have followed suit and eliminated their local development charges for industrial development.

This initiative gives Hamilton-Wentworth a significant competitive advantage over neighbouring areas in which these regional charges remain intact (eg. $2.39/sq. ft. in Halton, and $2.40/sq.ft. in Peel regions). The benefits accruing from new industrial development include an increased tax base and increased employment.

INDUSTRIAL REDEVELOPMENT PROJECT (Brownfields):

In 1999, the City of Hamilton turned its attention to promoting the redevelopment of brownfields properties in its older industrial areas. The City has established policies to deal with site contamination through the planning process, and is now developing financial and other incentives to promote the redevelopment and re-use of these properties through a Community Improvement Plan. The City is recognized in Canada as being on the leading edge when it comes to facilitating and promoting brownfields redevelopment and investment.

CN Station Conversion / Renovation.

DOWNTOWN HAMILTON INVESTMENT HIGHLIGHTS

LIUNA Nursing Home

The Labourers' International Union of North America (LIUNA) is constructing a $10 million, three-storey nursing home with 120 long-term care beds on Queen Street North in the downtown core.

CN Station Conversion/Renovation

Hamilton's historic CN Station is in the midst of more than $3 million in renovations. LIUNA is converting the 70 year-old former station into a training and recreation centre as well as a banquet centre and office space.

Royal Connaught Hotel Conversion and Renovation

A consortium led by LIUNA is buying the Royal Connaught Howard Johnson Plaza Hotel. The group plans on converting the west portion of the hotel into 50-60 condominium apartment units. The remaining 150 rooms in the hotel will be completely renovated to bring the Connaught up to four star status. The deal is estimated to be valued at $6 million

The Former Spectator Building

Renovations have started to turn the former Spectator building on the corner of King Street East and Catharine Street, in downtown Hamilton, into a residential and commercial mix. The Toronto based Dixie Group hopes to have its condominiums, each of about 1,000 sq. ft. on line by late 2000. The project value is close to $4.5 million including the purchase price covering 70,000 sq. ft. overall. The company is taking advantage of a City of Hamilton funding program aimed at locating residential units in the downtown core.

Centralized Federal Government Office Building

The Federal Government has short listed three sites in the downtown core for their proposed 258,000 sq. ft. consolidated office building. Potential new building sites include 94 Market Street and 28 - 50 James Street North (Lister Block). Another potential

site for renovation is 120 King Street West (Standard Life Building). A decision on site location is expected by early summer.

GREATER HAMILTON TECHNOLOGY ENTERPRISE CENTRE (GHTEC):

In 1999, Hamilton-Wentworth's GHTEC, located at Highways #5 and #6, enjoyed 100% occupancy and an operating surplus for the first time in its history. This year, two graduating tenants of GHTEC will be leaving the centre for newly built premises in the adjoining Techpark. GHTEC will continue its focus on high technology companies and mentoring existing tenant companies, such as the recently expanded robotics firm Opus Automation. There are currently 17 technology based companies in this facility, employing 50+ people.

Greater Hamilton Technology Enterprise Centre (GHTEC).

FILM INDUSTRY

The Association of Film Commissioners International (AFCI) ranks Toronto and surrounding communities in Southern Ontario, as the third highest location for Film and Television Production in the World. Ontario reached new heights in 1999 with $934 million dollars spent for foreign and domestic production, a 25.7% increase over 1998.

Hamilton-Wentworth participated in 34 various forms of film, television and commercial production and 268 shoot days of filming activity. Types of films produced in Greater Hamilton include TV series, TV movies, feature films, commercials, specials, music videos and docudramas, representing approximately 17% of total filming activity in Ontario.

"The Crossing," a Cliffwood Productions Ltd. television film, aired on A & E, tells the story of George Washington during the Amercian Revolutionary War. Segments of the film were shot at Ravine Road, next to Churchill Fields Park in Hamilton.

Greater Hamilton has seen a significant increase in filming due to its close proximity to Toronto and high level of local community co-operation. In comparison to other communities in Southern Ontario, Greater Hamilton experienced the largest volume of film production shoots. Statistics from across North America indicate Greater Hamilton experienced a higher volume of film activity than several entire states in the U.S.

McMaster University

McMaster University's reputation for innovation and excellence in research and scholarship has been further enhanced in 1999-2000 with the establishment of several new centres and institutes and the creation of new facilities for students.

The McMaster Manufacturing Research Institute, with its focus on machining, metal forming, polymer processing, computer-aided design, computer-aided metrology and robotics, will be one of the largest such university institutes in Canada. Researchers will work with their counterparts in industry to develop new and advanced process technologies, intelligent automation, optimization and control of metal working, and polymer processing.

McMaster expects its new Steel Research Centre to become the premier steel research centre in Canada and one of the best in the world. Engineers at home and around the world will benefit from the leading-edge iron and steel-making research conducted by topnotch scientists. The centre will also play a major role in the training of highly qualified personnel and expand steel research capabilities in three key technical areas: process metallurgy, process automation and control, and metal forming.

A third facility, the Institute of Applied Radiation Sciences, will extend McMaster's pre-eminence in an area of immense importance to our society. Radiation science is driving advances in a range of disciplines but especially within the medical field. Recent developments within this vibrant, expanding field advance our diagnosis of diseases such as osteoporosis, rheumatism and cancer. This new institute, unique in Canada, will train scientists that are currently in high demand, such as radiochemists and medical physicians. The facility will be equipped with several instruments which will provide opportunities to Canadian manufacturers to develop leading-edge technologies. McMaster currently manufactures about half of the world's production of I-125, which is used to treat cancer.

McMaster's new Centre of Gene Therapy and Immune Modulation, announced in October 1999, will engage some of the country's top scientists in a vitally important area of research in terms of health care and commercial potential. Scientists involved in the centre are researching therapeutic agents that will introduce genes into the body to treat diseases such as cancer, diabetes and asthma. Gene therapies will also be developed to replace genes that play a role in hereditary disorders. The global gene therapy market is projected to reach $3.6 billion in sales by 2005.

This spring, ground for McMaster's new University Centre will be broken. The centre will provide a focal point for the campus community and address the need for social, meeting, student service and commercial space on campus. Construction of the $28-million project is scheduled to begin in April. The facility, which will substantially enhance the academic and non-academic quality of life for students, will incorporate existing space at McMaster and include new construction of about 140,000 sq. ft.

This fall, the Institute for Applied Health Sciences, located on McMaster's campus, will open its doors to students from both McMaster University and Mohawk College.

Mohawk/McMaster Institute for Applied Health Sciences.

Mohawk College

During the 1998/99 year, Mohawk College continued to be a strong contributor to the region's economic development. Mohawk interacts on a regular basis with education and industry partners in the assessment of training needs and the development of new and exciting partnerships. Mohawk is very proud of the results reported in the Contract Training Client Satisfaction Survey conducted this past year with such clients as Stelco, Dofasco, Amcan Castings and others. The Business Development Division at Mohawk College was rated as an excellent service provider, with ninety-four percent of the respondents either completely satisfied or very satisfied with Mohawk's services.

With funding from the Strategic Skills Initiative, Mohawk College, in partnership with the Canadian Foundry Association will develop a Modern Foundry Technology Institute on campus. Mohawk joined with five other colleges (Sault, Algonquin, Sheridan and Niagara) to form a training partnership with the Ontario Aerospace Council. The development of a training program will address the needs of the aerospace industry for a skilled workforce.

The first Canadian training program for carpenters, framers and contractors using steel framing materials in being offered through Mohawk College. The College is partnering with industry and Federal Government representatives under the Local Labour Market Partnership and the Provincial Government under the Strategic Skills Initiative.

In response to restructuring and job changes at the Hamilton Health Sciences Corporation, Mohawk College established a partnership to re-train selected HHSC employees as Personal Support Workers. Transportation Engineering Technology students conducted traffic studies as part of a project with the City of Hamilton Traffic Department.

In the 1998/99 year, Mohawk College's long-standing goals continued to be achieved. In the summer of 1999, the College broke ground for its first student residence. The 342-bed residence, located at the Fennell Campus, is being constructed at no cost to taxpayers and will enhance the College's efforts to attract and retain out-of-town students, in turn increasing its competitive edge.

Construction for the new Mohawk McMaster Institute for Applied Health Sciences continued throughout 1999 with anticipated occupancy by Mohawk's Faculty of Health Sciences in September 2000. This state-of-the-art facility is located on McMaster's Main Street West campus and will also house McMaster University's School of Rehabilitation Science.

Mohawk College of Applied Arts & Technology
new student residence.

In economic terms, the outlook for this region in 2000 remains very positive and builds on the previous five years of solid, sustained growth. Last year alone, Hamilton's two largest employers (Dofasco & Stelco) demonstrated their continued commitment to this area with multi-million dollar investments. Consider for example, Dofasco invested $170 million in a joint venture, with France based Usinor Group, to build a new hot dipped galvanizing mill in Hamilton and then invested $138 million into an upgrade of their No. 2 rolling mill. Likewise, Stelco pumped in more than $240 million in improvements to their Lake Erie Works division. Greater Hamilton also witnessed the strengthening of its already dominant steel service sector with significantly large investments in new operations by Nelson Steel, Nova Steel and Taylor Steel.

The area's economy continued its trend to diversification in 1999 with the opening of Tiercon Coatings, a 162,000 sq. ft. plant for automotive related parts. This is a sister plant of Tiercon Plastics Inc. in Stoney Creek. Hamilton based Orlick Industries announced its intention to purchase the 53 acre regionally owned Aeropark to locate its sixth aluminium die casting auto parts manufacturing plant along with several of its suppliers. Other industries building or expanding in Greater Hamilton last year included everything from a PVC window manufacturer to a robotics manufacturing firm. The regionally owned and operated Greater Hamilton Technology Enterprise Centre achieved a 100% occupancy and showed its first operating surplus since its construction in 1994. The first Canadian based incubator to accomplish both milestones. The adjacent Technology Business Park, sold out in 1999 and will see construction of nine new buildings in 2000.

As with the industrial sector in Greater Hamilton – the rest of the local economy is also demonstrating strong growth. Both commercial and residential sectors enjoyed a prosperous year in 1999 and it was reflected in record numbers of building permits and land sales. Oakville-based Rosart Properties announced in the fall of last year their plans to construct a 350,000 sq. ft. commercial development for the Highway #5 & #6 intersection. In Downtown Hamilton, final decisions will be made in the spring on the location of a 258,000 sq. ft. Federal Government office tower and on an urban entertainment complex. Residential development in the downtown is gaining interest with the City Place Apartments and condominium conversion of the Royal Connaught Hotel (in excess of one hundred new units combined).

2000 may just be the year that predictions concerning the John C. Munro Hamilton International Airport as an economic development engine of this region are finally realized.

2000 may just be the year that predictions concerning the John C. Munro Hamilton International Airport as an economic development engine of this region are finally realized. The announcements by Westjet and Continental Airlines of discount passenger service coupled with the construction of the UPS & Purolator cargo facilities, and the Orlick Industries Inc. plant location are all examples of the positive momentum developing in this area. The additional benefit of these developments is that they may be sufficient enough to warrant the commencement of the new Highway #6 that will link the airport with Highway #403.

In 2000, Ontario will likely outperform its counterparts in the Great Lakes states and across Canada. Although, economic growth will be slower this year the unemployment rate should remain steady and export growth should continue to increase at its torrid pace (16% after three quarters in 1999). Royal LePage Commercial Inc. forecasts that (in terms of industrial markets) none of the major Canadian cities should increase in vacancy and that it appears that these markets will be tightly supplied for the next few

years. Values and rental rates for newer industrial buildings in the Ontario market are generally expected to show small increases this year.

On a macro scale, the increase in consumer confidence spurred by the lower unemployment levels is a major factor that should contribute to the near 4% growth predictions for the Canadian GDP. The dollar is expected to continue its upward trend started in the summer of 1999 which was based on the strength of commodity prices (particularly forest products and crude oil) and the surge in the country's "export driven" merchandise trade surplus.

Events in the U.S. will have the most pronounced effect on economic activity on this side of the border and especially in manufacturing based communities like Greater Hamilton. There will be two major areas to focus on this year, 1) the U.S. Federal Reserve's actions to curb inflationary pressures (and the corresponding Bank of Canada response), and 2) the financial markets response to the upcoming U.S. Presidential election and the uncertainty that prevails.

Overall, the outlook for 2000 in Greater Hamilton looks promising. Employment numbers should remain steady in the region, new non-residential construction (based on 1999 land sales) should continue to grow, and local companies in all sectors should enjoy another good year.

An aerial view of Hamilton's Downtown Core.

Economic Development Department
City of Hamilton / Region of Hamilton-Wentworth
One James Street South, 8th Floor
Hamilton, Ontario L8P 4R5
Tel: (905) 546-4222 1-800-263-8590 Fax: (905) 546-4107
www.hamilton-went.on.ca